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SUBJECT: LATVIA TO FOLLOW EU'S LEAD ON NEW U.S. LAW ON MARITIME
CARGO SCANNING REQUIREMENTS

REF: STATE 119837

¶1. (SBU) Summary: Latvia is seeking guidance from the European Union in response to the new U.S. law requiring 100 percent scanning for all U.S.-bound maritime cargo prior to loading at a foreign port by ¶2012. GOL representatives expressed concern about the cost of meeting the new requirement and the potentially negative impact such a requirement would have on trade and cargo flow. They added that they plan to follow the European Commission's lead on this issue. End Summary.

¶2. (SBU) PolEconOff delivered reftel points September 10 to Harijs Arnicans, Head of the Ship and Port Security Inspectorate in the Maritime Administration of Latvia (MAL); September 14 to Aigars Krastins, Director of the Ministry of Transportation's Maritime Department; and September 18 to Andis Drulle, Director of the National Customs Board. All three responded that Latvia would take direction from the European Commission on how to respond to the new U.S. law.

¶3. (U) In Latvia the National Customs Board is responsible for all cargo scanning and falls under the Ministry of Finance; the Maritime Department, which is part of the Ministry of Transportation, implements national policy and strategy development in the maritime field and represents Latvia in international maritime organizations; the MAL is a private component of the Ministry of Transportation's Maritime Department. (Comment: MAL functions as a state agency within the Maritime Department but is considered a "company" because its budget comes from shipping dues, not government funds.)

¶4. (SBU) Mr. Drulle of the National Customs Board said the European Commission's present position on the U.S. requirement, as he understands it, is that the requirement would impose an unduly expensive and unfeasible burden on ports not only in the European Union but all over the world; as such, current scanning requirements based on risk analysis should be allowed to continue. Mr. Drulle said EU member states have estimated that the cost to meet the U.S. requirement would amount to approximately \$20 million per port. He also said that currently about 250 maritime cargo containers per month are exported to the United States from Latvia's port in Riga but none directly. All U.S.-bound maritime containers from Latvia pass through major Western European ports such as Rotterdam and Antwerp before reaching U.S. ports.

¶5. (U) Mr. Arnicans of MAL interpreted the U.S. law as a requirement affecting all direct U.S.-bound shipping containers. As Latvia does not have containers going directly to the United States, he asked what requirements, if any, would the new U.S. law impose on foreign ports that are loading shipping containers indirectly going to the United States. (Note, Post is seeking clarification on this interpretation of the law. End note.)

¶6. (SBU) Mr. Krastins of the Ministry of Transportation's Maritime Department said he understood the need for 100 percent scanning of U.S.-bound maritime cargo, but wondered how feasible it would be to execute such a requirement on all affected EU ports. He added that,

although Latvia does not at the moment ship cargo directly from Latvian to U.S. ports, it could be a possibility in the future, especially if transit through Latvia increases as East-West trade grows. Mr. Krastins said discussion of the new U.S. requirement, since it deals primarily with security, should include representatives from the Ministry of Finance, Interior and Defense.

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